

**STATE OF ALABAMA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
STATE LANDS DIVISION
INVITATION FOR BIDS FOR OIL AND GAS LEASE
ON CERTAIN STATE LANDS IN
ST. CLAIR AND ETOWAH COUNTIES, ALABAMA**

Notice is hereby given to all interested parties that sealed bids for the purchase of oil and gas leases on certain acreage located in St. Clair and Etowah Counties, Alabama, will be received by the Commissioner of Conservation and Natural Resources until June 1, 2006 at 2:30 p.m., at which time all bids will be publicly opened and read in the Commissioner's Conference Room, 64 N. Union Street, Room 469 Folsom Administrative Building, Montgomery, Alabama 36130-1901.

The acreage offered for lease consists of land located in St. Clair and Etowah Counties, Alabama and described as follows:

ST. CLAIR COUNTY:

Tract 1: A parcel of land lying in the E/2 of the NW/4 of Section 25, Township 14 South, Range 2 East in St. Clair County, Alabama, containing 23.60 acres, more or less. This parcel is further described as Tract 47 on Right of Way Map of Department of Transportation Project No. I-205-2-2.

Tract 2: A parcel of land lying in the NE/4 of NE/4 of Section 25, and the S/2 of Section 24, Township 14 South, Range 2 East; also in the SW/4 of the S/2 of the NE/4 and in the NE/4 of Section 19, Township 14 South, Range 3 East in St. Clair County, Alabama containing 98.61 acres, more or less. This parcel is further described as Tract 49 on Right of Way Map of Department of Transportation Project No. I-205-2-2.

Tract 3: A parcel of land lying in the SE/4 of the SE/4 of Section 25, Township 13 South, Range 3 East in St. Clair County, Alabama, containing 1.18 acres, more or less. This parcel is further described as Tract 3 on Right of Way Map of Department of Transportation Project No. I-59-2-(49).

Tract 4: A parcel of land lying in the SW/4 of the NW/4 of Section 20, Township 13 South, Range 4 East in St. Clair County, Alabama, containing .26 acres, more or less. This parcel is further described as Tract 2 on Right of Way Map of Department of Transportation Project No. I-59-2(49).

ETOWAH COUNTY:

Tract 1: A parcel of land lying in the N/2 of Section 14, Township 12 South, Range 5 East in Etowah County, Alabama containing 36.731 acres, more or less. This parcel is further described as Tract 1, Parcels 1[36.731] on Right of Way Map of Department of Transportation Project No. S-681-J.

Tract 2: A parcel of land lying in the E/2 of the NW/4 of Section 14, Township 12 South, Range 5 East in Etowah County, Alabama containing 29.752 acres, more or less. This parcel is further described as Tract 1, Parcel 2 [29.752] on Right of Way Map of Department of Transportation Project No. S-681-J.

Tract 3: A parcel of land lying and being a portion of the SE/4 of the NE/4 and the NE/4 of the NE/4 of Section 14, Township 12 South, Range 5 East located in Gadsden, Etowah County, Alabama containing 14.8 acres, more or less. This parcel is further described as Alabama

Department of Transportation Site, Airport Road, Gadsden, Alabama, as recorded in Deed Book 1863, page 29.

The State does not warrant nor guarantee title to the lands herein advertised and all bidders should satisfy themselves as to the State's title and to the accuracy of the acreage offered.

Bids submitted must be for the entire acreage within a tract, no bids for less than a complete tract will be considered. The successful bidder (if any) shall be required to pay the costs of advertising this invitation for bids.

Bids submitted must include bonus offered on oil, gas, other hydrocarbon minerals, and the constituent products. Bids offering a bonus of less than \$225.00 per net mineral acre will not be considered. Royalty for this offering is fixed at 25%. Each bid submitted must be accompanied by a certified or cashier's check for the total amount of bonus offered and made payable to the order of the State of Alabama. Bids submitted without such check will not be considered.

All bids must be submitted to the State Lands Division in a sealed envelope and must be clearly marked on the outside of the envelope "SEALED BID FOR AN OIL AND GAS LEASE, TRACT NO. _____, _____ COUNTY (specify County), NOT TO BE OPENED UNTIL JUNE 1, 2006 AT 2:30 P.M."

NO BID SHALL BE RECEIVED FOR ANY REASON ANY TIME AFTER THE ADVERTISED DEADLINE.

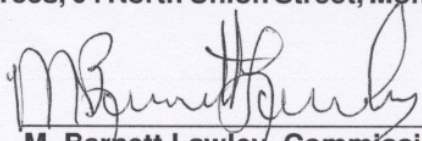
Any lease awarded at this sale shall be on the standard Department of Conservation and Natural Resources' oil and gas lease form (February 1981), have a primary term of five (5) years, provide for delay rental of Ten Dollars (\$10) per acre per year and shall contain a CLAUSE PROHIBITING DRILLING ON THE LEASED PREMISES EXCEPT BY DIRECTIONAL DRILLING FROM ADJACENT LANDS.

The successful bidder, must execute and return the lease to the State Lands Division within fifteen (15) days following the date of receipt; otherwise, the award may be deemed to have been withdrawn, and the bid forfeited.

All laws of the State of Alabama concerning the leasing of state properties for oil and gas purposes shall govern this sale whether or not included in this notice.

The Commissioner of Conservation and Natural Resources reserves the right to withdraw any and all tracts from this sale prior to issuance of a written acceptance of a bid, or to reject any and all bids for these tracts. In any case, no bid for these tracts will be accepted and no lease will be awarded to any bidder unless: (1) the bidder has complied with all requirements of this notice; and (2) the amount of the bid has been determined to be adequate by the Commissioner. Specification of a minimum bid amount to be considered does not suggest acceptance of any bid which may exceed that amount.

Persons desiring additional information regarding this sale may contact the State Lands Division, Department of Conservation and Natural Resources, 64 North Union Street, Montgomery, Alabama 36130-1901, or by telephone at (334) 242-3484.


M. Barnett Lawley, Commissioner
Department of Conservation
and Natural Resources

5/1/06
Date